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## TRANSPORTATION FACILITIES NEEDED FOR LATIN AMERICAN TRADE

BY WELDING RING,  
New York.

Our trade with South America has been carried largely by England, Germany, France and Italy. This trade has been controlled so largely by the fact that Europe has done the financing, that it has been extremely difficult to divert any large portion of it to this country. Our merchants, accustomed to do business on a cash basis, have not felt inclined to meet the financial facilities offered particularly by England and Germany.

The war, however, must of necessity change these conditions very materially, for the expenditures of capital in carrying it on will involve large debts for all European countries and there will not be the same overflow of capital to invest in foreign ventures and business. They will have their own conditions to overcome after the war ceases and it will, at least for a considerable period, require all their resources to finance home enterprises.

When war was declared last August, statements were spread broadcast that this was the "golden opportunity" for the United States to acquire the bulk of trade with our southern friends. Coupled with this was the statement that all we were required to do would be to have the goods to furnish at fairly reasonable prices, and then give ample terms of credit, such as they had been accustomed to when purchasing from Europe. The goods we have in abundance, and of the best, and the facilities for shipping them; but to extend large credit for long periods has not yet appealed to our bankers and merchants. It will require a fairly long period of education, before such methods of financing will be acceptable to those doing business in this country with the southern people. It is a vital question that will have to be determined very largely by our bankers, who will decide whether they are inclined to supply large capital for various industries, and also extend credits to merchants, farmers and dealers who, having always had financial facil-

ities from Europe, cannot change their methods hastily and provide cash or short term credits.

Placing the matter of finance as the first fundamental necessary for southern trade, we would follow it with this second fundamental: our manufacturers and suppliers must furnish what is required and has been used heretofore for any trade with those countries. This condition, no doubt, the people of the United States are prepared to meet.

The third fundamental naturally would be transportation, which enters so largely into all foreign trade, and either assists or retards its development. A wrong impression has been spread throughout the United States, that we do not have sufficient communication with all the various countries throughout South America and Central America. To those in the shipping trade, it is hardly necessary to state that since the war commenced there has scarcely been a period when there was not ample tonnage loading for all the requirements of shippers. A complaint recently was received from Montevideo, that but few opportunities were offered for transport of our merchandise to that city, and the state of Uruguay. This complaint came from a reliable source, but on investigation carefully made it was learned that during the period complained of sixteen steamers were dispatched for South American ports, of which eight called at Montevideo. This would seem to be an ample tonnage to supply the regular requirements for that market. It was also learned that quite a number of these steamers went out with only part cargo even after unusual delays on the loading berth. There were a number of causes contributing to this falling off in shipments, the principal of which was the impossibility of securing further money or credits from Europe, and consequently southern merchants were unable to place their orders on such a basis with manufacturers and commission merchants in the United States that they would be willing to accept them. Other causes were a severe drought in the Argentine, causing a large falling off in their usual exports of grain and meat, and the very low prices ruling for coffee and rubber in Brazil. It was a combination of circumstances, probably never before felt and, it is to be hoped, never to be repeated. As a result, cessation of business to a very large degree took place, and trade has not yet resumed its full normal volume.

To the west coast of South America, there has been a corres-

ponding excess of tonnage, and some of the steamers regularly in the trade have had to be withdrawn and diverted to other business. This is owing largely to the decrease in orders coming forward for shipments from here, and the very greatly reduced volume of nitrates, which constitute the largest portion of exports from the west coast states.

In Central America, business has not been so seriously interrupted, and there has been constant communication with the various ports, and the usual volume of trade has remained almost normal. It is pleasing to know that, during the past two months, there has been a decided change for the better, very largely as a matter of sentiment and opinion, but also in the actual volume of business, so that orders and fairly large orders are coming forward with more frequency. To keep up with this trade, the different lines operating from the United States to southern ports are ready and willing to supply all the tonnage required. So far they have kept loading rather an excess beyond requirements. As to freight rates, while these have been advanced somewhat, yet in view of the very general advance throughout the world, there can be no cause for a fair complaint against the lines operating to the South. Contracts have been carried out with a good degree of regularity and, as a rule, lived up to even at large cost to those engaged in the trade. The outlook at present is encouraging, for a large increase in trade, particularly in staples and also in miscellaneous articles heretofore furnished by European countries and hereafter to be supplied by the United States.

In connection with freighting matters, it is very greatly to be regretted that while ample facilities are opening to shippers and on a fairly reasonable basis, yet nearly all of the tonnage engaged in this trade is under foreign flags, and the United States only carries a small percentage of it. The old idea that "Trade follows the flag" is obsolete and does not cover modern conditions. It is the goods and the price and the ability of the salesman that secure the orders. It is, however, humiliating to think that the United States, probably the most advanced country in the world in the manufacture and value of its articles, must depend upon foreign tonnage to carry its products throughout the world. When the change will come is extremely difficult to predict, but it is certain that but little progress will be made in building up a merchant marine under

the "Stars and Stripes" until we get more intelligent and broader legislation at Washington than has been served to us during recent years. Very many plans have been suggested, numerous bills have been introduced in Congress, and debates have been long and arduous, but without any, or at least very little, result and benefit. The nearest approach to anything beneficial was the act passed last August by Congress, which for a brief period permits the purchase of foreign built vessels and their transfer to the United States flag, and their operations also for a limited period, without many of the existing drawbacks of our navigation laws. Under this act, up to the present time, 137 steamers have been transferred from foreign to the United States flag. Unfortunately, just as Congress closed, it passed a bill generally known as the "Seamen's Bill," which contained numerous conditions that add to the already too heavily burdened American shipping. The effect of this bill was almost immediately felt. Since it was passed only three steamers have been purchased as against 134 steamers previously. It is not necessary to enter upon the various clauses of this bill that make it so unsatisfactory and burdensome to ship-owners, for they are generally known, particularly to those in the shipping trade. It has caused a hesitation, in fact almost a cessation of the desire to invest capital in tonnage for the foreign trade. For if capital is to be subjected to all the conditions of this bill, as well as to others of our navigation laws, the handicap of very greatly increased expenses, as compared with English and German shipping, will deter investments in American steamers. How this difficulty is to be overcome is a problem very difficult to solve, but it is certain to be one that must come to the front very largely in the immediate future.

If the building and owning of American steamships can be placed on a basis at all comparable with that of England, which is next highest in its cost of construction, then there can be no doubt about ample capital being supplied by American investors, and we shall again become a ship owning nation. The one great difficulty to overcome will be the question of labor, which enters so very largely, first into the constructions of a steamer, and said to be fully 80 per cent of its cost, and then in the operation of a steamer in competition with those of other nations. How this handicap of higher cost in construction and operation is to be overcome, is what will have to be determined by our business men and legislators.

In the development of a larger trade with South and Central America, we cannot in the near future count upon American tonnage being of very great service as there will be so little of it. But it is hoped that gradually the "Stars and Stripes" will be seen in all our southern ports, and that both freight and passenger steamers, or a combination of both, will do a fair share of the transportation that will be required in the future. The genius of the people of the United States has never yet failed when the necessity or exigency arises and there is every reason to believe that it will meet the question of buying or building steamers and operating them under the United States flag. Let us hope that these days are not in the distant future, and that we may advance as rapidly on the sea as we do upon the land.